



Health Services
LOS ANGELES COUNTY

Los Angeles County
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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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January 15, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Don Knabe
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED
AUTHORITY TO APPROVE A PERCENTAGE
INCREASE EXCEEDING 10 PERCENT OF THE
TOTAL AGREEMENT AMOUNT OF VARIAN
MEDICAL SYSTEMS, INC.**

This is to advise the Board that the Department of Health Services (DHS) is scheduling a Board letter for the January 29, 2013 agenda that requests approval to execute an Agreement for equipment maintenance and repair services and delegate authority for annual maximum obligation increases of no more than 40 percent.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

BACKGROUND

Radiation, surgery, and chemotherapy are the three major modalities used to fight cancer. In a radiation oncology department, radiation is the weapon that is used to kill tumor cells. To more effectively treat its patients with cancer, LAC+USC MC purchased three linear accelerators and one High-Dose-Rate machine (HDR) for radiation treatment, as well as Varian's software systems for planning and overseeing of cancer treatment process.

The linear accelerators are utilized to have the radiation enter the patient from the outside. HDR provides the radiation from a close proximity to the tumor cells by varying the position and dwell time of the radiation source, so that the dose is neatly sculpted to conform to the shape of the target tumor. With this equipment, LAC+USC is able to provide more patient-friendly outpatient treatment to cancer patients.

The Nuclear Regulatory Commission regulates the HDR's guide wires and isotopes. All HDR manufacturers, including Varian, tightly control the availability of the guide wire and isotopes to third party. Every Original Equipment Manufacturer (OEM) is the only source of software for its own HDR's guide wires and isotopes. The user of the HDR has no alternative, but to contract with the OEM (in this case Varian) for maintenance and repair services.

JUSTIFICATION

Approval of the delegated authority to increase the annual maximum obligation of the Agreement by up to 40 percent will allow DHS to cover equipment coming off warranty, and emergency or unforeseen equipment maintenance and repair services. The Joint Commission requires DHS facilities to cover medical equipment maintenance under a services contract. This requested delegated authority is necessary to enable the Agreement to be amended timely to guarantee that the critical equipment is maintained appropriately to ensure the safety of patients, as well as to meet the requirements of regulatory agencies, including The Joint Commission and the Nuclear Regulatory Commission. Board policy generally allows delegated authority up to 10 percent of the total contract amount. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase. If DHS is not able to add equipment to existing Agreements, the alternative is to request a Purchase Order (PO) from the Internal Services Department. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS Agreement using the Board's delegated authority.

NOTIFICATION TIMELINE

Consistent with the procedures of Board Policy 5.120, we are informing the Board of our intention to proceed with the filing of the Board letter with Executive Office of the Board for the January 29, 2013 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or khanks@dhs.lacounty.gov.

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors